

MMS Alaska OCS Region

News Release

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Beaufort Sea Sale 186 Set for September

The Department of the Interior's Minerals Management Service has issued the Final Notice of Sale for Beaufort Sea OCS Lease Sale 186. The Final Notice describes the sale area and requirements for protecting the environment. The lease sale is scheduled for September 24, 2003.

The Department will offer the entire sale area for lease with the exception of two deferral areas recommended by Alaska Governor Frank Murkowski. MMS will defer 26 blocks off Barrow and 28 blocks offshore Kaktovik used for subsistence whaling by these communities.

The sale area extends from the Canadian border on the east to near Barrow on the west, and includes approximately 1,794 whole or partial blocks that encompass about 9.4 million acres offshore Alaska's northern coast in the Beaufort Sea.

"The Beaufort Sea continues to hold the best near-term potential for offshore petroleum reserves on the Alaska OCS," said MMS Director Johnnie Burton. "We must, however, protect those areas vital to North Slope communities that rely on subsistence whaling. Stipulations of the sale developed in concert with many interested parties, and the deferral areas recommended by the State of Alaska will allow companies to explore for the petroleum so vital to our nation's security while protecting the environment."

In addition to MMS's existing regulations which extensively cover safety, drilling and pollution prevention, the final Notice of Sale includes seven lease stipulations intended to minimize effects to the environment and to the Inupiat people from any development of the area's oil and gas resources. These stipulations call for protection of biological resources, including spectacled and Steller's eiders, use of pipelines rather than tankers, and methods to minimize interference with subsistence whaling and other subsistence harvesting activities.

"We believe that these stipulations have in the past and will continue to reduce environmental effects and conflicts with the bowhead subsistence hunts and other subsistence activities," said MMS Regional Director John Goll. "MMS will continue to work closely with North Slope communities, tribes, the Alaska Eskimo Whaling Commission, local, State and federal agencies, and the industry whenever activity occurs."

The Final Notice suspends royalties on certain volumes of oil and condensate production, subject to price thresholds, and restructures the minimum bid and rental rates to be more comparable with State and other federal North Slope oil and gas leasing terms.

To request a copy of the Final Notice of Sale or the Final EIS, write to the Minerals Management Service at 949 East 36th Avenue, Anchorage, Alaska, 99508-4302, via email at akwebmaster@mms.gov, or call toll-free at 1-800-764-2627. The final EIS is available on CD-

ROM, four-volume hard copy, or on the MMS webpage at www.mms.gov/alaska. You may view the Final EIS at libraries throughout the state.

MMS is the Federal agency in the U.S. Department of the Interior that manages the nation's oil, natural gas, and other mineral resources on the Federal outer continental shelf. The agency also collects, accounts for, and disburses mineral revenues from Federal and American Indian leases. These revenues totaled more than \$6 billion in 2002 and nearly \$127 billion since the agency's creation in 1982. Annually, nearly \$1 billion from those revenues go into the Land and Water Conservation Fund for the acquisition and development of state and Federal park and recreation lands.

The State of Alaska receives 27% of all revenues generated on federal leases that lie within 3-to-6 miles offshore the Alaska coast, and a portion of this money goes into the Alaska Permanent Fund Account. Since 1986, the State has received over \$520 million from this OCS revenue.

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